



PROPOSED RULE MAKING

CR-102 (June 2004)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Department of Agriculture

- ☐ Preproposal Statement of Inquiry was filed as WSR 04-22-095; or
☐ Expedited Rule Making--Proposed notice was filed as WSR _____; or
☐ Proposal is exempt under RCW 34.05.310(4).

- ☒ Original Notice
☐ Supplemental Notice to WSR _____
☐ Continuance of WSR _____

Title of rule and other identifying information: (Describe Subject) The department is proposing amendments to WAC 16-237-195 (Fees for warehouse audit and related services) that: (1) Establish a fee for services performed by the department when conducting special year-end inventories requested by licensed warehouse operators; and (2) Increase, beyond the OFM fiscal growth rate factor, the fees charged by the department for all services (except conducting special year-end inventories) performed by the WSDA Warehouse Audit Program. These services include, but are not limited to special technical assisted audits of records and inventories, observation of sampling of commodities, collection of samples for Karnal Bunt, and re-measurement of commodities and storage bins.

Hearing location(s): Spokane County Agricultural Center
222 N Havana
Spokane, WA

Submit written comments to:

Name: George Huffman
Address: Department of Agriculture, 1111 Washington St. SE,
PO Box 42560, Olympia WA 98504-2560
e-mail ghuffman@agr.wa.gov
fax (360) 902-1802 by (date) 5:00 p.m., January 25, 2005

Date: January 25, 2005 Time: 2:00 p.m.

Assistance for persons with disabilities: Contact

Virginia Walsh by January 18, 2005

TTY (360) 902-1976 or () _____

Date of intended adoption: March 15, 2005

(Note: This is NOT the effective date)

Purpose of the proposal and its anticipated effects, including any changes in existing rules:

The proposed amendments to WAC 16-237-195 will enable the Warehouse Audit Program to recover costs for services performed by:

- (1) Establishing a fee for year-end inventories requested by licensed warehouse operators; and
- (2) Increasing the fees for program service performed (other than year-end inventories) at the request of warehouse operators, grain dealers, and government agencies. These services include, but are not limited to, providing special technical assisted audits of records and inventories, observing commodity sampling, collecting samples for Karnal Bunt, and re-measurement of commodity and storage bins.

Reasons supporting proposal: In Section 309(2) of chapter 25, Laws of 2003, 2003 1st Special Session (EESB5404) the department is allowed to increase its fees, for the 2003-2005 biennium, beyond the fiscal growth rate factor. The Warehouse Audit program has been performing special year-end inventory services at no charge to the industry since 1998. Current cost data shows that the cost of performing these special inventories is more than \$33,000.00. Establishing a fee for this service enables the program to recover the costs of performing the service. This special inventory helps warehouse company CPA's establish the quality and quantity of commodities in a warehouse. Such information is needed by the CPA when prepare the companies year-end financial statement. Increasing the fee for other services performed from the current \$23.00 to the proposed \$33.00 per hour also enables the warehouse audit program to recover the costs for performing those services.

Statutory authority for adoption: Chapter 25, Laws of 2003, 1st Special Session, Chapter 22.09 RCW and Chapter 34.05 RCW

Statute being implemented: RCW 22.09.020(13)**Is rule necessary because of a:**

Federal Law?

☐ Yes ☒ No

Federal Court Decision?

☐ Yes ☒ No

State Court Decision?

☐ Yes ☒ No

If yes, CITATION:

DATE December 22, 2004**NAME** (type or print) Robert W. Gore**SIGNATURE****TITLE** Assistant Director**CODE REVISER USE ONLY**

CODE REVISER'S OFFICE STATE OF WASHINGTON FILED	
DEC 22 2004	
TIME	11:17 AM
WSR	05-01-231 PM

(COMPLETE REVERSE SIDE)

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

None

Name of proponent: (person or organization) Washington State Department of Agriculture

☐ Private
☐ Public
☒ Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Don Michelbook	617 N Fancher Rd., Spokane, WA	(509) 533-2488
Implementation.. Don Michelbook	617 N Fancher Rd., Spokane, WA	(509) 533-2488
Enforcement..... Don Michelbook	617 N Fancher Rd., Spokane, WA	(509) 533-2488

Has a small business economic impact statement been prepared under chapter 19.85 RCW?

☐ Yes. Attach copy of small business economic impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

☒ No. Explain why no statement was prepared. The Warehouse Audit Program surveyed the 74 business entities affected by the proposed amendments. The response rate to the survey was 68%. Of those responding, 86% supported the new fee for year-end audit services and 72% supported the increase in fees for other services. Based upon these results, the department has concluded that there is industry support for the proposed amendments and that the new fee for service and the increase in current fees does not constitute a "more than minor" impact on business. Therefore, a formal Small Business Economic Impact Statement is not required.

Is a cost-benefit analysis required under RCW 34.05.328?

☐ Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

☒ No: Please explain: The Washington State Department of Agriculture is not a listed agency under RCW 34.05.328(5)(a)(i) and, therefore, a cost-benefit analysis is not required.

AMENDATORY SECTION (Amending WSR 00-21-043, filed 10/13/00, effective 11/13/00)

WAC 16-237-195 Fees for warehouse audit and related services.
~~((These))~~ The following fees ((shall be applied)) apply to the following services:

~~(1) ((Measurement of new or additional storage including outside grain storage that requires a second and/or additional inspection or measurement, per hour \$ 23.00~~

~~(2) Special year end audits that require remeasurement at the request of the warehouse operator, per hour \$ 23.00~~

~~(3) Commodity Credit Corporation samples may be drawn by department personnel at the rate established by the grain inspection program.~~

~~(4) Appropriate overtime charges, mileage, and travel charges incurred by department personnel shall be assessed.))~~ For year-end inventories requested by a warehouse operator, the department charges the following:

<u>A fee of:</u>	<u>If requested:</u>
<u>(a) 10% of the warehouse license fee</u>	<u>By July 30th of each year</u>
<u>(b) 15% of the warehouse license fee</u>	<u>After July 30 of each year</u>

(2) (a) The hourly rate for all other services performed by the warehouse audit program at the request of warehouse operators, grain dealers and/or other government agencies is \$33.00 per hour.

(b) These services include, but are not limited to, technical assisted audits of records and inventory, observation of sampling of commodities, collection of samples for the Karnal Bunt Survey, and remeasurement of commodities and storage bins.

(3) In addition to the hourly rate established in subsection (2) (a) of this section, the department assesses appropriate charges for overtime, mileage, meals, and lodging expenses incurred by department personnel when providing the types of services identified in subsection (2) (b) of this section.